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## **ITALIA FEDERICI PLEADS GUILTY TO EVADING TAXES AND OBSTRUCTING SENATE INVESTIGATION INTO ABRAMOFF CORRUPTION SCANDAL**

WASHINGTON – Italia Federici, the president of the Council of Republicans for Environmental Advocacy (CREA), pleaded guilty to one count of income tax evasion and one count of obstructing the U.S. Senate’s investigation into the corruption scandal surrounding former lobbyist Jack A. Abramoff, Assistant Attorney General Alice S. Fisher of the Criminal Division and Assistant Attorney General Eileen J. O’Connor of the Tax Division announced today.

Federici, 38, of Washington, D.C., entered her guilty plea today in the U.S. District Court for the District of Columbia, before District Judge Ellen Segal Huvelle. Under the terms of the plea agreement, Federici faces a maximum sentence of five years in prison, a \$250,000 fine, and mandatory restitution. Sentencing is scheduled for November 16, 2007 at 11 a.m.

In pleading guilty, Federici admitted to obstructing the investigation of the U.S. Senate Committee on Indian Affairs into Abramoff, which began in the fall of 2004. Federici also admitted to willfully evading her individual income taxes for the calendar years 2001 through 2003 by, among other things, failing to segregate her personal finances from CREA’s, using cash to handle CREA’s and her own personal finances, failing to maintain proper books and records or properly report CREA’s payroll, failing to make her U.S. individual income tax returns on or before the relevant due dates and then failing to pay the income taxes owed. Federici admitted that in lieu of taking a regular salary, she and CREA’s other officer obtained funds from CREA by directly withdrawing cash from CREA’s bank account through ATM and teller transactions. The tax charges were developed after questions were raised during the Senate hearing regarding CREA’s financial operations and business practices.

According to court documents, Federici was the founder and president of CREA, a non-profit organization set up in Colorado in 1997 and incorporated in Washington D.C. in 2000 as an Internal Revenue Code Section 501(c)(4) corporation. In March 2001, she introduced Abramoff to J. Steven Griles just before Griles was nominated to be the deputy secretary of the U.S. Department of the Interior (DOI). At the time, Federici and Griles were friends, and Griles had helped raise funds for CREA, which has operated primarily through donations after its inception.

Griles was confirmed as DOI’s deputy secretary on July 12, 2001, and served in that position until he resigned effective Jan. 31, 2005. Federici admits that during much of Griles’

DOI tenure, she served as a conduit for information between Abramoff and Griles. In this role, she would communicate in-depth with Abramoff about his clients and the issues and concerns applicable to them, and then communicate in-depth with Griles about these issues and/or forward to Griles information and documents Abramoff supplied. Federici also admits that she met with Abramoff and Griles in order to speak substantively and directly about these issues while Griles was DOI deputy secretary.

Griles pleaded guilty in federal court in Washington, D.C. on March 23, 2007 to obstructing the Senate committee's Abramoff investigation. He is scheduled to be sentenced on June 26, 2007.

"Today's plea by Italia Federici is just the latest example of the hard work and determination put into the Abramoff investigation by Justice Department prosecutors and investigators from the FBI, IRS-Criminal Investigations and the Department of Interior," said Assistant Attorney General Fisher. "We continue to move forward with this investigation, wherever it leads, to hold accountable those responsible for corruption."

"Charitable organizations are given a special tax status because their work benefits the public," stated Eileen J. O'Connor, Assistant Attorney General for the Tax Division. "Honest taxpayers can be assured that the Department of Justice will vigorously prosecute those who misuse charities to commit tax fraud and other crimes."

"The Federici plea shines additional light on the degree to which Jack Abramoff was able to improperly influence decision-making at Interior," said Department of Interior Inspector General Earl E. Devaney, "and it strengthens the resolve of this Office of Inspector General to seek the prosecution of any current or former Interior Department official who may have betrayed the public trust."

Court documents reveal that beginning soon after Federici introduced Abramoff to Griles and began serving as a conduit for information, Abramoff and certain of his Native American tribal clients became significant donors to CREA. Ultimately, Abramoff personally and through his Native American tribal clients donated a total of \$500,000 to CREA between March 2001 and May 2003.

In the wake of the Abramoff scandal, Federici was interviewed by Senate investigators on Oct. 7, 2005, and then testified before members of the Senate committee during a Nov. 17, 2005 public hearing. The Senate committee was investigating, among other things, the level of access Abramoff had to Griles and the extent of the communications involving Federici, Abramoff and Griles. Federici now admits that during both her interview and her hearing testimony, she lied to, and withheld material information from, senators and Senate investigators in responding to questions about the extent of the communications involving her, Abramoff, and Griles during Griles' DOI tenure.

This case is being prosecuted by Public Integrity Section Trial Attorneys Kartik K. Raman and Armando O. Bonilla, which is headed by Chief William M. Welch, II, and Trial Attorneys Karen Kelly, Susan Vrahoretis, and Mark Daly of the Tax Division's Criminal

Enforcement Sections. The case is being investigated by a task force of federal agents including Special Agents of the DOI Office of the Inspector General, the Federal Bureau of Investigation, and the Internal Revenue Service's Criminal Investigation Division.

Abramoff is currently serving a 70-month prison sentence for his guilty plea on conspiracy and fraud charges brought in Miami. Abramoff has also pleaded guilty to corruption, fraud, conspiracy and tax charges in the District of Columbia. The Justice Department's Abramoff investigation has netted a total of 12 convictions thus far, including those of Griles and former Congressman Robert Ney.

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